Case3:07-cv-00201-SC	
EXHIBIT 4	
CASE NO. C 07-0201 SC	
PLAINTIFFS' MOTION, NOTICE AND MEMORANDUM OF POINTS ANDAUTHORITIES IN SUPPORT OF MOTION FOR FINAL APPROVAL OF SETTLEMENT	
INSULTARIO MOTIONI ORTHVAL ALL ROYAL OF SETTLEMENT	

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

Former Amway/Quixtar Distributors Can Get Additional Benefits from a Court-Approved Settlement Even if You Have Not Previously Filed a Claim

The Court has decided to allow new claims even though the initial deadline for filing has passed, with broadened eligibility and a possibility of increased benefits.

Para una notificación en Español, llame 1-888-334-6149 o visite www.QuixtarClass.com

A federal court authorized this Notice. This is not a solicitation from a lawyer or advertising by Quixtar.

- A Settlement has been approved with Quixtar, Inc., ("Quixtar") about the pricing of Quixtar products and the recruitment of Quixtar distributors, whom the company calls "Independent Business Owners" ("IBOs"). The Court's order approving the Settlement may be viewed at www.QuixtarClass.com.
- Eligible claimants (former Quixtar IBOs) who have not already filed a claim may now do so by [DATE]. Claimants may be eligible to receive cash and/or free products. Initially, claimants had until August 17, 2012 to file a claim. However, after accounting for the claims filed by the original deadline, there is excess cash and products in the Settlement Funds.
- The Court in charge of this case has decided to distribute the excess cash and products to members of the class. To do so, the Court has decided to allow certain new claims until [DATE], and to broaden eligibility. Depending on how many class members file claims during this extended period, increased benefits may ultimately be paid to claimants.
- Eligible claimants who filed a claim or responded to the prior notice do not have to do anything, even if you filed your claim after the original deadline (August 17, 2012). However, if you filed a hardship claim (Section IV of the prior Claim Form), you will need to provide additional documentation if the Claims Administrator requests it (see below).
- Eligibility has been broadened in two ways. (1) To submit a claim to the Product Fund, a former IBO need not have left Quixtar within one year of joining, as previously required. As a result, former IBOs who have not already filed a claim for a product bundle may now submit a claim regardless of the length of time they were an IBO. (2) To submit a claim to the Cash Fund for BSM expenditures, a former IBO need not have receipts or credit card statements. As a result, former IBOs who have not already filed a claim for BSM expenditures may now submit a claim with only their own signed statement as evidentiary support. The signed statement and other proof need only be submitted if the Claims Administrator requests it.
- No new "hardship" claims may be submitted, and those who previously filed such claims must provide documentation. Those class members who submitted "hardship" claims (Section IV of the prior Claim Form) in response to the original notice but failed to submit adequate supporting documentation will be receiving a letter from the Claims Administrator. If adequate documentation is not provided in response to that letter, the claims will be denied. The Court's extended deadline for the filing of new claims does not apply to "hardship" claims. If you have not already filed such a claim, it is too late to do so now.
- Claimants (both those who previously filed claims and those who will file new claims) may now receive higher benefits. It appears there will be substantial funds left in the Cash Fund and approximately \$17.33 million in the Product Fund left over after paying all valid claims filed by the original deadline of August 17, 2012. Therefore, after new claims are paid, all claimants previous and new claimants will share the excess pro rata. As a result, all claimants may receive higher benefits, depending on the number of new claims.
- The Court in charge of this case has approved the Settlement, and thus no new objections may be filed at this time. After any appeals are resolved, benefits will be distributed to those who qualify. Please be patient.

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BASIC INFORMATION

1. Why was this Notice issued?

A Court authorized this Notice because it has approved the Settlement and ordered distribution of the excess in the Cash Fund and the Product Fund for the benefit of the Class.

Initially, eligible claimants had until August 17, 2012 to file a claim to receive cash or free products. After accounting for the claims filed by the original deadline, there are excess cash and products in the Settlement Funds. The Court has decided to allow certain new claims until [DATE], to broaden eligibility, and to possibly increase benefits.

This Notice explains the lawsuit, the Settlement, what benefits are available, who is eligible for those benefits, and how to get them.

Judge Samuel Conti of the United States District Court Northern District of California, San Francisco Division is overseeing this class action. The case is known as *Pokorny v. Quixtar, Inc.*, No. C 07-00201 SC. The people who sued are called the "Plaintiffs," and the company they sued, Quixtar, Inc., is the "Defendant."

2. What is this lawsuit about?

The lawsuit claims that Quixtar and certain BSM companies violated state and federal laws by:

- Recruiting IBOs in an illegal scheme;
- Misrepresenting the amount of profits that IBOs could earn; and
- Persuading IBOs to buy overpriced products and business support materials.

Quixtar and the BSM companies deny that they did anything wrong and argue that they run legitimate businesses that comply with all laws. The Court has not decided who is right.

3. Why is this a class action?

In a class action, one or more individuals called "class representatives" (in this case, Jeff Pokorny, Larry Blenn, and Kenneth Busiere) sue on behalf of those that have similar claims. All of these individuals are a "class" or "class members." One court resolves the issues for all class members, except for those who exclude themselves from the class.

4. Why is there a Settlement?

The Court did not decide in favor of the Plaintiffs or Quixtar. Instead, both sides agreed to settle this case to avoid the cost and risk of trial. The Settlement does not mean that any law was broken or that Quixtar did anything wrong. Quixtar denies all legal claims in this case. The Class Representatives and their lawyers think the Settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT CLASS

To see if you are eligible to receive benefits from the excess in the Cash Fund and the Product Fund, you first have to determine if you are a Class Member.

5. How do I know if I am part of the Settlement Class?

The Settlement Class includes any person who, at any time between January 1, 2003 and February 21, 2012, either was an IBO or was a legal entity through which an IBO conducted a Quixtar-related business.

6. Are there exceptions to being included in the Settlement Class?

Yes. Quixtar and the BSM companies listed below are excluded from the Settlement Class. Owners and shareholders of Quixtar or BSM companies, as well as family members and affiliates of these companies, are also not included in the Settlement Class.

BSM COMPANIES

- Britt Worldwide, LLC
- InterNET Service Corporation
- Worldwide Dreambuilders
- eFINITY
- Leadership Team Development, Inc.
- Vision Global, LLC
- Network 21 International, Inc.
- MarkerNET, Inc., d/b/a MarkerMan Productions
- UR Association

- International Networking Association, Inc.
- Setzer International, Inc./Team 100
- Proalliance
- World Information Network
- Team Builders Business Development, LLC
- Team Builders Personal Development, LLC
- GlobalNet

7. What if I am not sure whether I am included in the Settlement Class?

If you are not sure whether you are in the Settlement Class, or have any other questions about the Settlement, call the toll-free number, 1-888-334-6149, or visit www.QuixtarClass.com for more information. You also may write with questions to Quixtar Settlement, P.O. Box 8035, Faribault, MN 55021-9435.

THE SETTLEMENT BENEFITS-WHAT YOU GET IF YOU QUALIFY

8. What does the Settlement provide?

Quixtar has agreed to establish two Settlement Funds for former IBOs.

- Cash Settlement Fund: \$34 million in cash will be used to pay IBOs who file valid claims. It will also be used to pay attorneys' fees and costs (see Question 15) as well as the costs to administer the Settlement.
- **Product Settlement Fund:** \$21 million in Quixtar products will be given to lBOs who file valid claims. The \$21 million value of the products is based on the products' retail prices. The products cost Quixtar approximately \$13 million.

Only former IBOs are eligible to receive compensation from the Cash Settlement Fund and Product Settlement Fund. Current IBOs are not eligible to receive compensation from those Funds, however, they will benefit from certain business reforms (*see* Question 10 below).

<u>Notes:</u> The attorneys' fees and costs, settlement administration costs, and other relevant costs will be paid from the Cash Settlement Fund. The remainder of the Cash Settlement Fund will be used to pay valid claims submitted by Class Members.

It appears there will be substantial funds left in the Cash Fund and approximately \$17.33 million in the Product Fund left over after paying all valid claims filed by the original deadline of August 17, 2012. Therefore, as allowed by the Settlement Agreement, the Court has decided to distribute the excess for the benefit of the class in the manner explained in Question 9.

Claimants that filed valid claims in response to the prior notice will receive at least the maximum amount allowed under the Settlement under both the Cash Fund and the Product Fund, but will share in the excess pro rata with new claimants after new claims have been paid.

More details on the Settlement are available in the Settlement Agreement, which is available at www.QuixtarClass.com.

9. What can I get from the excess leftover in the Cash and Product Funds?

Two types of benefits will be available for new claimants from the excess in the Cash and Product Funds.

Type 1: Registration Fee Benefits

If you are a **former IBO**, you are eligible to receive a bundle of free products. Based on the number of claims filed in response to the prior notice, it is estimated that each product bundle will have a retail value of approximately \$150 (increased from \$75), although

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the value may be greater or lesser depending on the number of new claims that will be filed. The exact value will depend on the number of new claims. Claimants who filed in response to the prior notices will receive a product bundle with at least a \$75 value and will share in any excess pro rata after new claimants receive a product bundle worth at least \$75.

You can choose from one of a number of product bundles described on the attached Claim Form and at www.QuixtarClass.com.

To submit a claim to the Product Fund, a former IBO need not have left Quixtar within one year of joining, as previously required. As a result, former IBOs who have not already filed a claim for a product bundle may now submit a claim regardless of the length of time they were an IBO.

<u>Note:</u> If new claims exceed the amount available for free products, the amount of free products given to new claimants will be reduced on a proportional basis so that all valid new claims can be paid.

Type 2: Business Support Materials ("BSM") Payment

If you are a **former** IBO and you spent at least \$100 on "business support materials," you may be able to recover 20% or more of your expenses on these materials (less the money you received from resale of business support materials) up to a maximum of \$2,000. The percentage of your final recovery will be adjusted pro rata based on the number of new claims received. As a result, your recovery may be higher than 20% of your BSM expenses although it can possibly be lower, based on the number of new claims that will be filed.

Claimants who filed in response to the prior notices will receive at least 20% of their expenses and will share in any excess pro rata after new claimants receive 20% recovery.

Expenses may be verified with a signed statement by the claimant. The signed statement and other proof need not be submitted unless the Claims Administrator asks you to do so.

Included are the motivational and/or training aids listed in the table below:

BUSINESS SUPPORT MATERIALS

- Books, magazines, and other printed materials
- Audio tapes, video tapes, software, CDs, and other electronic media
- Tickets to rallies, meetings, functions, and seminars

<u>Note:</u> Any Class Member who earned a profit from operating a Quixtar business is not eligible for a BSM Payment. However, receiving income from sales—if not resulting in a profit—does not disqualify former IBOs from receiving BSM payments. If new claims exceed the amount available in the Cash Fund, the amount of recovery given to new claimants will be reduced on a proportional basis so that all valid new claims can be paid.

10. What else does the Settlement provide?

Quixtar has agreed to make changes to the way it does business, including:

- Expanding registration fee refunds for a longer period;
- Providing additional disclosures regarding the business:
- Increasing IBO training in merchandising;
- Lowering prices of Quixtar branded goods; and
- Maintaining and enforcing quality control over business support materials.

More details on the Settlement are available in the Settlement Agreement, which is available at www.QuixtarClass.com.

THE CLAIMS PROCESS

11. How do I file a new claim?

To receive the cash or products available under the terms for disbursing the excess in the Cash or Product Funds, you must fill out and submit a Claim Form. The claim Form is available at www.QuixtarClass.com or by calling 1-888-334-6149. You can submit a Claim Form online or by mail. The deadline to submit a Claim Form is [DATE]. Please read the instructions carefully.

No documentation or receipts are required to submit new claims. A signed statement is sufficient as evidentiary support, and no support need be submitted unless the Claims Administrator asks you to do so.

To receive certain types of payments, you must provide the completed Claim Form, and if necessary, a signed statement:

REGISTRATION FEE BENEFIT	BUSINESS SUPPORT MATERIALS PAYMENT
No documentation required.	A signed statement is sufficient as evidentiary support.

12. What am I giving up if I file a claim at this time?

You are not giving up any rights if you have not previously excluded yourself from this Settlement and decide not to file a claim at this time.

If you previously excluded yourself and now decide to file a claim, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Quixtar and sellers of "business support materials" about the factual and legal issues in this case. The rights you are giving up are described in sections 1.29 to 1.31 and section 10 of the Settlement Agreement, which is available at www.QuixtarClass.com. Please read it carefully.

However, if you did not previously exclude yourself (or object or comment on the Settlement) you may not do so now. The time to exclude yourself from the Settlement (or to object to or comment on the Settlement) expired on August 17, 2012. At this time, the Court simply is distributing the excess in the Cash and Product Funds for the benefit of the Class by allowing new claims and by distributing any excess in the Cash and Product Funds pro rata to all claimants after new claims have been paid.

You can talk to the law firm representing the Class listed in Question 14 for free or you can, at your own expense, talk to your own lawyer if you have any questions about your rights.

13. When would I get my payment?

The Court approved the settlement on [DATE]. After any appeals are resolved and claims are evaluated, benefits will be distributed to those who filed claims. There are no guarantees about how appeals will be resolved, or how long that might take. Please be patient.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in the case?

Yes. The Court has appointed the law firms of Boies, Schiller & Flexner LLP and Gary, Williams, Parenti, Watson & Gary, P.L. as "Class Counsel" to represent you and the Class. If you wish you may contact the law firms by email at <u>QuixtarClassCounsel@bsfllp.com</u>. You do not have to pay Class Counsel. They will be paid from the Cash Settlement Fund in an amount determined by the Court, as discussed in Question 18 below. If you want to be represented by your own lawyer in this case, you may hire one at your own expense.

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15. Attorneys' Fees: How will the lawyers be paid?

The Court has decided that Class Counsel will be paid \$_____ as their attorneys' fee and \$_____ for their litigation expenses. The Plaintiffs' application for attorneys' fees may be viewed at www.QuixtarClass.com.

IF YOU DO NOTHING

16. What happens if I do nothing at all?

If you do nothing you will not get a payment or receive any free products. Also, if you have not previously excluded yourself from this lawsuit, you have given up your rights to sue Quixtar and sellers of "business support materials" about the claims in this lawsuit.

GETTING MORE INFORMATION

17. How do I get more information about the Settlement?

This Notice summarizes the Settlement and the proposal to distribute excess funds and products in the Settlement. More details are in the Settlement Agreement and in Plaintiffs' Motion for Final Approval of Settlement, And Proposal for Distribution of Excess. You can get a copy of both at www.QuixtarClass.com. For more information, call: 1-888-334-6149. You may also write to: Quixtar Settlement, PO Box 8035, Faribault, MN 55021-9435.